

Message Text

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ACTION TRSE-00

INFO OCT-01 ISO-00 EA-09 NEA-10 IO-14 L-03 H-02 PA-02

PRS-01 AID-05 CIAE-00 COME-00 EB-07 FRB-01 INR-07

NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 LAB-04

EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01

AGRE-00 INT-05 /127 W

-----022897 211108Z /14

R 210626Z JUN 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1351

INFO AMEMBASSY KATHMANDU

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USADB

FOR NAC AGENCIES

E.O. 11652: NA

TAGS: EAID, EFIN, NP

SUBJ: ADB TECHNICAL ASSISTANCE FOR SAGARNATH FORESTRY
DEVELOPMENT PROJECT (NEPAL)

SUMMARY: ADB PRESIDENT HAS APPROVED \$35,700 TECHNICAL ASSISTANCE GRANT TO GOVT OF NEPAL FOR FORMULATION OF A FORESTRY DEVELOPMENT PROJECT IN THE JANAKPUR AREA IN THE CENTRAL TERAJ, TO BE IMPLEMENTED BY THE UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION (FAO) UNDER EXISTING COST SHARING ARRANGEMENTS. END SUMMARY.

1. ADB DOC. R61-77 DESCRIBING SUBJECT TECHNICAL ASSISTANCE (TA) GRANT WAS POUCHED ADDRESSEES JUNE 16.

2. FORESTS ACCOUNT FOR 4.2 MILLION HA., OR 29 PERCENT, OF NEPAL'S LAND AREA. ONLY 1.6 MILLION HA. ARE ACCESSIBLE, LOCATED IN THE TERAJ AND ADJOINING HILL COUNTRY, AND MOST OF UNCLASSIFIED

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THESE ARE IN CATCHMENT AREAS OF RIVER BASINS, THEREBY SERVING IMPORTANT PROTECTIVE FUNCTION. HIGH RATE OF FUELWOOD CONSUMPTION, ESTIMATED AT 4.2-5.6 MILLION CU.FT. P.A., IS RESULTING IN GROSS OVERCUTTING WITH CONSEQUENT SOIL EROSION AND HEAVY FLOODING IN HILL COUNTRY. AT PRESENT RATE OF DEPLETION, ACCESSIBLE FOREST RESOURCES WOULD LAST ONLY FOUR TO TWENTY YEARS

IF ALLOWED TO CONTINUE. SHORTAGES OF SAWNWOOD, NOW PRODUCED AT RATE OF 35,000-40,000 CU.M. P.A., WOULD ARISE FROM EARLY 1989'S ONWARDS.

3. JOINT FAO/ADB FORESTRY IDENTIFICATION MISSION VISITED NEPAL IN JAN 1977. POTENTIAL PROJECT WAS IDENTIFIED HAVING FOLLOWING COMPONENTS: LAND CLEARING AND FORESTRY PLANTATION ESTABLISHMENT IN BIRGUNJ AND JANAKPUR DISTRICT OF CENTRAL TERAI; AND REHABILITATION OF GOVT-OWNED SAWMILL COMPLEX AT HETAUDA (NEAR BIRGUNJ). AS RESULT OF SUBSEQUENT VISIT IN APRIL-MAY 1977, MISSION CONSIDERED THAT FORESTRY PROJECT INCORPORATING LAND CLEARING AND ESTABLISHMENT OF FAST-GROWING PLANTATIONS IN SAGARNATH AREA OF JANAKPUR DISTRICT WOULD BEST MEET GOVT'S PRIORITY OBJECTIVE OF INCREASING TIMBER AND FUELWOOD PRODUCTION; BIRGUNJ DISTRICT AND RELATED SAW-MILLING COMPONENT INCLUDED IN ORIGINAL FAO PROPOSAL WERE DELETED AFTER CONSIDERATION OF TECHNICAL AND IMPLEMENTATION ASPECTS. PROPOSED SAGARNATH PROJECT IS DEEMED PRIMA FACIE SUITABLE FOR BANK CONSIDERATION BUT REQUIRES DETAILED PROJECT PREPARATION PRIOR TO APPRAISAL.

4. SOILS OF PROJECT AREA, COVERING SOME 10,000 HA., ARE DEEMED NOT SUITABLE FOR AGRICULTURE. FOR THIS REASON AND BECAUSE AREA NOT ENCROACHED BY SQUATTERS, IT CAN BE REASONABLY EXPECTED TO REMAIN UNDER FOREST. CURRENT UNCLASSIFIED

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FUELWOOD CONSUMPTION IN JANAKPUR FOREST DISTRICT IS ESTIMATED AT 0.3-0.5 MILLION CU. M. P.A., OF WHICH 50,000 CU.M. FOR INUDUSTRIAL PURPOSES. MAJOR CONSUMPTION CENTER FOR FUELWOOD TO BE PRODUCED AS RESULT OF PROJECT WOULD BE JANAKPUR TOWN, ABOUT 30 KM. FROM PROJECT AREA. VOLUME OF FUELWOOD TO BE OBTAINED FROM CLEAR-FELLING PROJECT AREA PRIOR TO ESTABLISHMENT OF A PLANTATION FOREST WOULD ROUGHLY EQUAL PRESENT INDUSTRIAL NEEDS OF AREA. PLANTATIONS TO BE ESTABLISHED WOULD YIELD 15-30,000 CU.M. OF FUELWOOD P.A., SUFFICIENT TO MEET PART OF LOCAL NEEDS. BULK OF SAWLOGS TO BE PRODUCED WOULD BE PROCESSED BY GOVT-OWNED HETAUDA MILLS AND BY PRIVATE MILLS IN CENTRAL AND ESTERN TERAI. EXISTING SAWMILLING CAPACITIES ARE SUFFICIENT TO ABSORB ALL OF EVENTUAL LOG OUTPUT FROM PLANTATIONS AT FULL PRODUCTION.

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ACTION TRSE-00

INFO OCT-01 ISO-00 EA-09 NEA-10 IO-14 L-03 H-02 PA-02

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R 210626Z JUN 77

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5. PROPOSED PROJECT WOULD HAVE FOLLOWING COMPONENTS:

A) CLEARING AND HARVESTING OF 10,000 HA. OF EXISTING
WOODLANDS AND FORESTS;

B) SALE OF FUELWOOD AND TIMBER ACCRUING FROM
CLEARINGS;

C) ESTABLISHMENT, ON CLEARED LANDS, OF FAST-GROWING
FORESTRY PLANTATIONS FOR MULTI-PURPOSE USE (SAWLOGS,
FIREWOOD, POLES, ETC.), TO INCLUDE ANCILLARY OPERATIONS
SUCH AS LAND PREPARATIONS, NURSERIES, ETC.;

D) STRENGTHENING OF FORESTRY DEPARTMENT INCLUDING
STAFF TRAINING;

E) CONSULTANT SERVICES.

6. TA WILL REQUIRE EIGHT MAN-MONTHS OF CONSULTANT
SERVICES TO BE CARRIED OUT BY FOUR CONSULTANTS WITH
EXPERTISE IN FORESTRY PLANTATION AND TAUNGYA CULTIVATION;
LOGGING AND ROAD CONSTRUCTION; ECONOMIC AND FINANCIAL
ANALYSIS; AND INSTITUTIONAL AND ORGANIZATIONAL ASPECTS.
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ESTIMATED TOTAL COST OF STUDY IS \$62,000 OF WHICH BANK'S
SHARE WILL BE \$35,700. IN VIEW OF FAO'S PREVIOUS
INVOLVEMENT IN IDENTIFICATION AND PRIMA FACIE ASSESSMENT
OF PROPOSED PROJECT, TA WILL BE UNDERTAKEN BY
INVEST CENTER OF FAO UNDER EXISTING COST SHARING
ARRANGEMENTS BETWEEN BANK AND FAO. LOCAL CURRENCY COSTS

OF \$10,000 WILL BE PROVIDED BY GOVT.

7. PRESENT PLANS CALL FOR MAXIMUM USE OF APPROPRIATE TECHNOLOGY (AT) IN PROPOSED PROJECT. APART FROM LABOR INTENSIVE METHODS, AT WOULD BE REFLECTED IN "TAUNGYA SYSTEM" OF WEEDING UNDER WHICH AGRICULTURAL CROPS ARE GROWN TOGETHER WITH TREES IN EARLY YEARS OF PLANTATION ESTABLISHMENT, THEREBY PRODUCING ADDITIONAL INCOME FOR UNDEREMPLOYED TERAJ POPULATION.

8. COST OF POSSIBLE FUTURE PROJECT, TO WHICH BANK NOT COMMITTED AT THIS TIME, IS ESTIMATED AT \$9 MILLION, OF WHICH \$4 MILLION COREX.

9. EXECUTING AGENCY FOR TA WILL BE THE FORESTRY DEPARTMENT. IT HAS REQUIRED COUNTERPART STAFF AND TRANSPORT AND OFFICE FACILITIES NEEDED BY PROJECT PREPARATION TEAM, BUT ORGANIZATION AND STAFFING WOULD BE EXAMINED UNDER TA TO DETERMINE AREAS OF DEFICIENCIES NEEDING IMPROVEMENT FOR EFFECTIVE PROJECT IMPLEMENTATION. THUS FAR, FORESTRY DEPT LACKS EXPERIENCE IN IMPLEMENTATION OF REFORESTATION OR LOGGING PROGRAMS.

10. CONSULTANT'S FIELD WORK WILL BEGIN IN JULY 1977 AND BE COMPLETED BY MID-AUGUST 1977. DRAFT FEASIBILITY REPORT TO BE SUBMITTED WITHIN ONE MONTH THEREAFTER. DISCUSSIONS WITH GOVT, BANK AND CONSULTANTS WILL BE HELD AT UNCLASSIFIED

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COMMENCEMENT AND END OF FIELD WORK PHASE.

11. ADB PRESIDENT HAS APPROVED SUBJECT TA UNDER AUTHORITY DELEGATED TO HIM IN BOARD PAPER ON TECHNICAL ASSISTANCE OPERATIONS (DOCWM R51-77, DATED MAY 20, 1977) ACCORDING TO WHICH TA PROJECTS FOR NOT MORE THAN \$100,000 NEED NOT BE SUBMITTED FOR BOARD APPROVAL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Enclosure: n/a
Executive Order: N/A
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Original Handling Restrictions: n/a
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Review Content Flags:
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Review Release Event: n/a
Review Transfer Date:
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SAS ID: 2083965
Secure: OPEN
Status: NATIVE
Subject: ADB TECHNICAL ASSISTANCE FOR SAGARNATH FORESTRY DEVELOPMENT PROJECT (NEPAL) SUMMARY: ADB PRESIDENT HAS APPROVED \$35,700 TECHNICAL ASSISTANCE
TAGS: EAID, EFIN, EPAP, NP, ADB
To: STATE
Type: TE
vdkgvwkey: odbcc://SAS/SAS.dbo.SAS_Docs/724e6479-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009